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ECONOMIC, FISCAL & EMPLOYMENT IMPACT ANALYSIS

While many facilities that draw tourists and visitors only break even or even lose money from operations (such as convention centers, sports facilities, etc.), the impact of the visitors on the community can be significant. The impact from spending on hotels, restaurants, stores and gas stations can generate hundreds of jobs and large tax benefits from local use taxes.

While the gross operations of the Project will generate sales tax and will support a new jobs onsite, the critical analysis is to determine the amount of net new spending generated by the Project and what that supports in net earnings, jobs and what it generates in net new taxes. In this chapter, the net new Lexington-Fayette impacts are assessed.

The basis for the impacts will be the net new room nights generated due to the Project as well as the incremental spending associated with existing visitors who spend more because of their visit to the Project. The net new visitors may be staying in other hotels as well, like sports teams that now are coming to Lexington because tournaments can now happen as well as elsewhere that otherwise would not have occurred.

HSP modeled the Full Build Out and Phased Build Out Scenarios for the Lexington Sports Complex and based on the projection of the proforma, additional impact data was derived. The key components of visitation and spending are generated by overnight stays as well as day trips. Given the cost of having kids in travel-sports or in tournaments, many will drive in and out the same day if possible, even if they need to drive an hour or more each way, multiple days. However, for regional and national tournaments, many will need to spend one or more nights in local hotels.

HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the economy due to additional inputs. For example, for every dollar of direct new spending in Lexington, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

FULL BUILD OUT SCENARIO

Net New and Recaptured Room Nights and Room Revenue

The following table shows the number of room nights generated from each user group.

Table 9-1

Projected Room Nights Generated - Lexington Sports Complex: Full Build Out Scenario													
	% Overnight	People/Room	Nights per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Soccer													
Competitive Existing Tournament	75%	2.9	2.5	7,544	11,543	15,699	16,013	16,333	20,824	21,241	21,666	22,099	22,541
Competitive New Tournament	50%	2.9	2	900	927	955	1,968	2,027	2,088	2,150	2,215	2,281	2,350
Local New Tournament	25%	2.3	2	388	400	824	848	874	900	927	955	983	1,013
Youth Soccer Leagues (Spring & Fall)	0%	2.3	2	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Adult Soccer Leagues (Spring & Fall)	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
High School Regional/State Soccer Events*	10%	2.9	1	13	13	20	20	20	26	26	26	26	26
Total				8,846	12,883	17,497	18,848	19,253	23,838	24,344	24,861	25,390	25,930
Baseball													
Competitive Existing Tournament	75%	2.9	2	5,853	7,462	9,134	9,316	12,670	12,924	13,182	13,446	13,715	13,989
Competitive New Tournament	50%	2.9	2	1,271	1,309	2,023	2,084	2,861	2,947	3,795	3,908	4,026	4,146
Local New Tournament	30%	2.3	2	932	960	988	1,527	1,573	1,620	1,669	1,719	1,770	1,823
Youth Baseball Leagues (Spring & Fall)	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
High School Regional/State Baseball Events*	10%	2.9	1	13	13	20	20	27	27	27	27	27	27
Total				8,069	9,744	12,165	12,947	17,131	17,518	18,672	19,100	19,537	19,985
Softball													
Competitive Existing Tournament	75%	2.9	2	732	1,119	1,142	1,553	1,584	1,615	2,060	2,101	2,143	2,186
Competitive New Tournament	50%	2.9	2	371	382	393	405	417	860	885	912	939	968
Local New Tournament	30%	2.3	2	155	160	165	170	350	360	371	382	393	405
Youth Softball Leagues (Spring & Fall)	0%	2.3	2	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Adult Softball Leagues (Spring & Fall)	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
High School Regional/State Softball Events*	10%	2.9	1	12	12	12	19	19	25	25	25	25	25
Total				1,270	1,674	1,712	2,146	2,369	2,860	3,341	3,420	3,500	3,583
Lacrosse													
Competitive Existing Tournament	60%	2.9	2	1,208	1,232	1,256	1,282	1,307	1,333	1,360	1,387	1,415	1,443
Competitive New Tournament	45%	2.9	2	0	0	455	469	483	995	1,025	1,055	1,087	1,120
Local New Tournament	25%	2.3	2	73	75	76	155	158	161	165	168	171	175
Youth Lacrosse Leagues (Spring)	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
High School Regional/State Lacrosse Events*	10%	2.9	1	7	7	13	13	13	13	13	13	13	13
Total				1,287	1,313	1,801	1,919	1,961	2,503	2,562	2,624	2,686	2,751
Rugby													
Competitive Existing Tournament	55%	2.9	2	0	0	0	0	0	0	0	0	0	0
Competitive New Tournament	45%	2.9	2	0	0	0	176	181	187	192	198	204	210
Local New Tournament	25%	2.3	2	0	0	0	0	0	39	40	41	41	42
Youth Rugby Leagues (Spring & Fall)	0%	2.3	1	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Adult Rugby League	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
High School Regional/State Rugby Events*	10%	2.9	1	3	3	3	3	3	3	3	3	3	3
Total				3	3	3	178	184	229	235	241	248	254
Other													
Fayette County Public Schools	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
Lexington Events	5%	2.6	1.5	45	45	89	89	134	134	179	179	179	179
Other Non-Sport Events	20%	2.9	1	83	83	124	124	166	166	207	207	207	207
Total				127	127	214	214	300	300	386	386	386	386
				19,602	25,744	33,391	36,252	41,198	47,246	49,540	50,631	51,747	52,889

Source: Various Sports Organizations, Hunden Strategic Partners

As shown, there are projected to be more than 52,000 room nights generated by the tenth year. Most are assumed to be generated by the soccer and baseball tournaments. While not all will be captured in Lexington, many will and these will generate significant impact locally.

The next table shows the number of day trips generated by the Lexington Sports Complex.

Table 9-2

Projected Day Trips Generated - Lexington Sports Complex: Full Build Out Scenario												
	% Day Trip	Days per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Soccer												
Competitive Existing Tournament	25%	2.5	7,293	11,158	15,175	15,479	15,788	20,130	20,533	20,943	21,362	21,790
Competitive New Tournament	50%	2	2,611	2,690	2,770	5,707	5,878	6,054	6,236	6,423	6,616	6,814
Local New Tournament	75%	2	2,678	2,759	5,683	5,854	6,029	6,210	6,396	6,588	6,786	6,989
Youth Soccer Leagues (Spring & Fall)	100%	2	68,429	68,429	68,429	68,429	68,429	68,429	68,429	68,429	68,429	68,429
Camps/Programs	100%	4	3,538	4,764	6,015	6,075	6,135	6,197	6,259	6,321	6,385	6,448
Practices	100%	2	18,295	18,295	18,295	18,295	18,295	18,295	18,295	18,295	18,295	18,295
Adult Soccer Leagues (Spring & Fall)	100%	2	10,296	10,296	10,296	10,296	10,296	10,296	10,296	10,296	10,296	10,296
High School Regional/State Soccer Events*	90%	1	339	339	509	509	509	679	679	679	679	679
Total			113,480	118,730	127,172	130,643	131,360	136,290	137,123	137,975	138,847	139,740
Baseball												
Competitive Existing Tournament	25%	2	5,658	7,213	8,829	9,006	12,248	12,493	12,743	12,998	13,258	13,523
Competitive New Tournament	50%	2	3,686	3,797	5,866	6,042	8,298	8,547	11,004	11,335	11,675	12,025
Local New Tournament	70%	2	5,000	5,150	5,304	8,195	8,441	8,694	8,955	9,223	9,500	9,785
Youth Baseball Leagues (Spring & Fall)	100%	2	48,384	48,384	48,384	48,384	48,384	48,384	48,384	48,384	48,384	48,384
Camps/Programs	100%	4	3,538	5,955	7,217	7,290	7,362	7,436	7,510	7,586	7,661	7,738
Practices	100%	2	13,398	13,398	13,398	13,398	13,398	13,398	13,398	13,398	13,398	13,398
High School Regional/State Baseball Events*	90%	1	348	348	522	522	696	696	696	696	696	696
Total			79,663	83,897	88,999	92,315	98,131	98,952	101,994	102,923	103,876	104,853
Softball												
Competitive Existing Tournament	25%	2	707	1,082	1,104	1,501	1,531	1,562	1,991	2,031	2,071	2,113
Competitive New Tournament	50%	2	1,075	1,107	1,141	1,175	1,210	2,493	2,568	2,645	2,724	2,806
Local New Tournament	70%	2	833	858	884	911	1,876	1,932	1,990	2,050	2,111	2,174
Youth Softball Leagues (Spring & Fall)	100%	2	57,024	57,024	57,024	57,024	57,024	57,024	57,024	57,024	57,024	57,024
Camps/Programs	100%	4	3,538	4,764	6,015	6,075	6,135	6,197	6,259	6,321	6,385	6,448
Practices	100%	2	15,246	15,246	15,246	15,246	15,246	15,246	15,246	15,246	15,246	15,246
Adult Softball Leagues (Spring & Fall)	100%	1	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280
High School Regional/State Softball Events*	90%	1	323	323	323	484	484	646	646	646	646	646
Total			96,026	97,685	99,016	99,695	100,787	102,379	103,003	103,242	103,487	103,737
Lacrosse												
Competitive Existing Tournament	40%	2	2,335	2,381	2,429	2,478	2,527	2,578	2,629	2,682	2,735	2,790
Competitive New Tournament	55%	2	0	0	1,613	1,662	1,711	3,526	3,631	3,740	3,853	3,968
Local New Tournament	75%	2	504	514	524	1,070	1,091	1,113	1,135	1,158	1,181	1,205
Youth Lacrosse Leagues (Spring)	100%	1	3,802	3,802	3,802	3,802	3,802	3,802	3,802	3,802	3,802	3,802
Camps/Programs	100%	4	1,408	2,133	2,873	2,901	2,930	2,960	2,989	3,019	3,049	3,080
Practices	100%	1	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614
High School Regional/State Lacrosse Events*	90%	1	174	174	348	348	348	348	348	348	348	348
Total			10,836	11,618	14,202	14,873	15,023	16,939	17,148	17,362	17,581	17,806
Rugby												
Competitive Existing Tournament	45%	2	0	0	0	0	0	0	0	0	0	0
Competitive New Tournament	55%	2	0	0	0	623	642	661	681	701	722	744
Local New Tournament	75%	2	0	0	0	0	271	276	280	284	288	288
Youth Rugby Leagues (Spring & Fall)	100%	1	0	0	0	0	0	0	0	0	0	0
Camps/Programs	100%	4	242	244	247	249	252	509	514	519	524	529
Practices	100%	2	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742
Adult Rugby League	100%	1	429	429	429	429	429	429	429	429	429	429
High School Regional/State Rugby Events*	90%	1	70	70	70	70	70	70	70	70	70	70
Total			2,484	2,486	2,489	3,114	3,135	3,683	3,712	3,742	3,772	3,803
Other												
Fayette County Public Schools	100%	1	13,832	13,832	13,832	13,832	13,832	13,832	13,832	13,832	13,832	13,832
Lexington Events	95%	1.5	2,209	2,209	4,418	4,418	6,626	6,626	8,835	8,835	8,835	8,835
Other Non-Sport Events	80%	1	960	960	1,440	1,440	1,920	1,920	2,400	2,400	2,400	2,400
Total			17,001	17,001	19,690	19,690	22,378	22,378	25,067	25,067	25,067	25,067
			319,489	331,416	351,568	360,330	370,815	380,621	388,047	390,311	392,630	395,007

Source: Various Sports Organizations, Hunden Strategic Partners

Approximately 395,000 visitor days are expected by the tenth year and approximately 71 percent are expected to be residents from the Lexington-Fayette area, which are not included as new impact. However, there are expected to be between 110,000 and 116,000 non-local visitors day trips.

This section analyzes the economic, fiscal and employment benefits that would accrue to the Lexington-Fayette area by the activities at the Lexington Sports Complex. It also reviews the potential economic and fiscal impacts induced through the construction of the project.

HSP only counts net new spending to the community, not recycled spending by local users. The basis for counting spending is based on new overnight visitor days and new daytrip visitor days.

The assumptions for each type of spending create the total incremental spending associated with the Lexington Sports Complex. The following table shows the net new visitor days and overnights as well as the resulting new hotel room nights, which serve as the basis for the impact model.

Table 9-3

Net New Visitors and Room Nights - Full Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
New Daytrip Visitor Days	78,836	84,302	93,547	98,216	103,227	115,688	115,688	115,688	2,178,932
New Overnight Visitor Days	41,655	54,707	70,956	77,035	87,546	112,389	112,389	112,389	1,991,402
New Hotel Room Nights (Local)	16,662	21,883	28,382	30,814	35,018	44,956	44,956	44,956	796,561

Source: Hunden Strategic Partners

Over the next twenty-year period, nearly 2.2 million new daytrip visitor days and nearly 2.0 million overnight visitor days are expected in area. This should result in more than 796,000 new hotel room nights in the Lexington-Fayette area over the period. Approximately 85 percent of room nights generated is expected to be captured in Lexington.

Daily Spending

There will also be daytrippers who come to events at the sports complex for league play, camps as well as one-day tournaments. The attendees will spend on concession as well as spend on restaurants in the area. Visitors will come to the sports complex and spend money onsite, but many locals and visitors will also spend new or increased funds at restaurants around the sports complex.

The daily spending by visitors and the overnight spending by overnight visitors all contribute to the economic impact of the Project. Data from spending at similar venues, data from hotel spending and other data was used to create conservative estimates of daily spending. Other spending includes entertainment and attractions, as well as other non-specified spending. These are shown in the next table.

Table 9-4

Estimated Spending Per Visitor Per Day - Lexington Sports Complex: Full Build Out Scenario										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spending per Visitor - Overnight										
Onsite Food & Beverage	\$3.50	\$3.61	\$3.71	\$3.82	\$3.94	\$4.06	\$4.18	\$4.30	\$4.43	\$4.57
Offsite Food & Beverage	\$22.50	\$23.18	\$23.87	\$24.59	\$25.32	\$26.08	\$26.87	\$27.67	\$28.50	\$29.36
Total Food & Beverage	\$26.00	\$26.78	\$27.58	\$28.41	\$29.26	\$30.14	\$31.05	\$31.98	\$32.94	\$33.92
Lodging Spending	\$51.60	\$53.15	\$54.74	\$56.38	\$58.08	\$59.82	\$61.61	\$63.46	\$65.37	\$67.33
Retail Spending	\$4.75	\$4.89	\$5.04	\$5.19	\$5.35	\$5.51	\$5.67	\$5.84	\$6.02	\$6.20
Transportation Spending	\$8.14	\$8.38	\$8.64	\$8.89	\$9.16	\$9.44	\$9.72	\$10.01	\$10.31	\$10.62
Entertainment/Rec/Other	\$8.25	\$8.50	\$8.75	\$9.01	\$9.29	\$9.56	\$9.85	\$10.15	\$10.45	\$10.76
Total Direct Spending	\$98.74	\$101.70	\$104.75	\$107.90	\$111.13	\$114.47	\$117.90	\$121.44	\$125.08	\$128.83
Spending per Visitor - Daytrip										
Onsite Food & Beverage	\$1.75	\$1.80	\$1.86	\$1.91	\$1.97	\$2.03	\$2.09	\$2.15	\$2.22	\$2.28
Offsite Food & Beverage	\$13.50	\$13.91	\$14.32	\$14.75	\$15.19	\$15.65	\$16.12	\$16.60	\$17.10	\$17.61
Total Food & Beverage	\$15.25	\$15.71	\$16.18	\$16.66	\$17.16	\$17.68	\$18.21	\$18.76	\$19.32	\$19.90
Retail Spending	\$2.38	\$2.45	\$2.52	\$2.60	\$2.67	\$2.75	\$2.84	\$2.92	\$3.01	\$3.10
Transportation Spending	\$2.85	\$2.93	\$3.02	\$3.11	\$3.21	\$3.30	\$3.40	\$3.50	\$3.61	\$3.72
Other Spending	\$4.13	\$4.25	\$4.38	\$4.51	\$4.64	\$4.78	\$4.93	\$5.07	\$5.23	\$5.38
Total Direct Spending	\$24.60	\$25.34	\$26.10	\$26.88	\$27.69	\$28.52	\$29.37	\$30.25	\$31.16	\$32.10

Source: Hunden Strategic Partners

The per-person per-day spending for overnight guests total \$98.74 in Year 1 in the area, and increases with inflation. The daily spending per person for day trips is \$24.60 in the first year.

Economic, Earnings, Employment and Fiscal Impact

The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

- **Direct impacts** - are an expression of the spending that occurs as a direct result of the events and activities that occur due to the sports complex. For example, a hotel guest's expenditures on hotel rooms and meals are a direct economic impact.
- **Indirect impacts** - consist of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending due to the sports complex. For example, a guest's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.
- **Induced impacts** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the guest's visit. The amount of the increased income the waiter spends in the local economy is considered an induced impact.
- **Personal income** – measures increased employee and worker compensation related to the hotel operations being analyzed. This figure represents increased payroll expenditures, including

benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.

- **Employment impact** – measures the number of jobs supported in the study area related to the spending generated as a result of the events occurring in the sports complex. Employment impact is stated in job-years.

The total impacts of the proposed project in Lexington presented in this analysis are expressed through the net new spending to the Lexington-Fayette area. The direct spending is broken down into food and beverage, lodging, retail, transportation and other spending. Spending assumptions are assigned per day per person for either a day trip or an overnight.

Direct, Indirect and Induced Impacts

The table below shows the direct net new spending, based on the analysis.

Table 9-5

Direct Net New Spending (000s) - Full Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Food & Beverage	\$2,285	\$2,789	\$3,471	\$3,825	\$4,334	\$6,115	\$7,089	\$8,218	\$116,669
Lodging	\$2,149	\$2,909	\$3,886	\$4,347	\$5,088	\$7,576	\$8,786	\$10,188	\$141,980
Retail	\$385	\$474	\$593	\$655	\$744	\$1,055	\$1,223	\$1,418	\$20,095
Transportation	\$564	\$706	\$896	\$991	\$1,133	\$1,624	\$1,882	\$2,182	\$30,816
Other	\$669	\$823	\$1,030	\$1,137	\$1,292	\$1,832	\$2,124	\$2,463	\$34,903
Total	\$6,052	\$7,701	\$9,876	\$10,955	\$12,591	\$18,202	\$21,104	\$24,468	\$344,463

Source: Hunden Strategic Partners

Most spending occurs at hotels and restaurants. Over the twenty-year period, nearly \$142 million is expected to be spent on hotels by net new visitation and more than \$116 million from food and beverage spending. Transportation and retail spending will also be impacted locally, with approximately \$31 million and more than \$20 million additional spent over the period, respectively. Other spending on visitation to other attractions and other spending is projected to total nearly \$35 million over 20 years.

The following table shows the spinoff impact economic spending and activity in the market from the direct spending, as described in the definitions earlier in the chapter.

Table 9-6

Direct, Indirect & Induced Net New Spending (000s) - Full Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Net New Spending									
Direct	\$6,052	\$7,701	\$9,876	\$10,955	\$12,591	\$18,202	\$21,104	\$24,468	\$344,463
Indirect	\$2,253	\$2,902	\$3,752	\$4,169	\$4,810	\$6,997	\$8,113	\$9,407	\$132,141
Induced	\$1,078	\$1,369	\$1,753	\$1,944	\$2,233	\$3,224	\$3,738	\$4,334	\$61,039
Total	\$9,384	\$11,971	\$15,382	\$17,068	\$19,634	\$28,423	\$32,956	\$38,209	\$537,643

Source: Hunden Strategic Partners

Direct spending, as shown previously, is projected to total approximately \$344.5 million over the period, while indirect and induced spending will add \$132.1 million and nearly \$61 million, respectively. The total over the period is projected to be more than \$537 million, ranging from \$9.4 million in Year 1 and increasing to \$38.2 million by the twentieth year.

The following table shows the net new earnings derived from the new spending. Earnings are the portion of new spending that ends up as wages for employees in businesses in Lexington.

Table 9-7

Net New Earnings from Direct, Indirect & Induced Spending (000s) - Full Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Net New Earnings									
From Direct	\$1,945	\$2,465	\$3,153	\$3,496	\$4,013	\$5,789	\$6,712	\$7,782	\$109,633
From Indirect	\$330	\$428	\$556	\$619	\$716	\$1,045	\$1,212	\$1,405	\$19,707
From Induced	\$73	\$92	\$118	\$130	\$150	\$216	\$250	\$290	\$4,087
<i>Total</i>	<i>\$2,348</i>	<i>\$2,985</i>	<i>\$3,827</i>	<i>\$4,245</i>	<i>\$4,878</i>	<i>\$7,050</i>	<i>\$8,174</i>	<i>\$9,477</i>	<i>\$133,427</i>

Source: Hunden Strategic Partners

New earnings in the area from the new spending will total \$2.3 million in the first year, increasing to more than \$9.4 million by the end of the period. Throughout the period \$133 million in new earnings will be new due to the sports complex.

The next table shows the net new full-time equivalent jobs supported by the new spending. These new positions will be supported throughout the economy, not just in visitor-related jobs, although these will be most likely.

Table 9-8

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings (000s) - Full Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	
Net New FTE Jobs									
From Direct	213	277	357	387	439	561	561	561	
From Indirect	32	41	52	56	64	81	81	81	
From Induced	4	24	30	32	36	46	46	46	
<i>Total</i>	<i>249</i>	<i>341</i>	<i>439</i>	<i>476</i>	<i>539</i>	<i>688</i>	<i>688</i>	<i>688</i>	

Source: Hunden Strategic Partners

In the stabilized year, an additional 688 full-time equivalent jobs will be created and supported in the local economy by the direct, indirect and induced spending in the economy that will be new due to the hundreds of thousands of new attendees.

Fiscal Impact Analysis

Fiscal impacts are tax revenues that result from the spending and income related to the activities at the Lexington Sport Complex. This analysis estimates fiscal impacts for the governmental units that levy taxes.

The fiscal impacts are the public sector's return on investment. The following table summarizes the fiscal impact estimates from the applicable taxes, which are the Lexington-Fayette taxes.

Table 9-9

Fiscal Impact - Tax Impacts from Net New Spending (000s) - Full Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Lexington Taxes Collected									
Hotel Occupancy Tax (6.0%)	\$129	\$175	\$233	\$261	\$305	\$455	\$527	\$611	\$8,519
Lexington Total	\$129	\$175	\$233	\$261	\$305	\$455	\$527	\$611	\$8,519

Source: Hunden Strategic Partners

As the table shows, the new spending in Lexington is projected to generate more than \$8.5 million in new tax revenue over the period. Hotel occupancy tax is the only locally levied tax expected to generate the tax revenue. The first year is expected to generate \$129,000 and then increase to approximately \$611,000 by the end of the period.

When a visitor books a hotel room, the commonwealth of Kentucky levies a six percent sales tax as well as a one percent state fee. The local hotel occupancy tax is a six percent, which is collected by the Lexington-Fayette government and allocated towards the Lexington Center Corporation (two percent) and VisitLex (four percent). The overall aggregate tax on a hotel room equates to 13.4 percent.

Construction Impact

In addition to the ongoing impacts from the operation of the facilities, the construction of the sports complex would create a one-time influx of spending. The construction spending also results in employment in many sectors of the local economy.

A ratio of 60 percent labor, 40 percent materials is used to determine the spending and employment and income impacts. Labor costs will generate direct labor impacts and materials will generate other new income in the area. Approximately 60 percent of construction materials and labor are expected to be purchased locally.

The following table shows the total direct spending and the estimated indirect and induced impacts that the construction of the development would generate to the local economy.

Table 9-10

Construction Impact - Lexington Sports Complex	
	Impact
Direct Materials Spending - Local	\$6,000,000
Indirect Spending - Local	\$1,647,083
Induced Spending - Local	\$1,011,800
Total	\$8,658,883
Direct Labor Spending	\$9,000,000
Employment (Job Years)	42
Source: Hunden Strategic Partners	

Based on an estimated \$25 million construction cost, the construction activity from the sports complex is expected to generate \$6 million in direct economic spending from materials spending and \$9 million in local labor spending. This will support 42 job-years, or essentially 42 jobs for a one-year period. This is due to the construction of a major sports complex.

Summary of Impacts

The table below shows the summary of impacts from new spending and visits to the Lexington-Fayette area.

Table 9-11

Summary of Impacts - Full Build Out Scenario		
	20-Years	Stabilized Year
Net New Spending	(millions)	
Direct	\$344	\$16.5
Indirect	\$132	\$6.3
Induced	\$61	\$2.9
Total	\$538	\$26
Net New Earnings	(millions)	
From Direct	\$110	\$5.2
From Indirect	\$20	\$0.9
From Induced	\$4	\$0.2
Total	\$133	\$6.4
Net New FTE Jobs	Actual	
From Direct	561	537
From Indirect	81	77
From Induced	46	44
Total	688	659
Lexington Taxes Collected	(000s)	
Hotel Occupancy Tax (6.0%)	\$8,519	\$410
Lexington Total	\$8,519	\$410
Construction Impact	(000s)	
Total Spending	\$8,659	
Direct Labor Spending	\$9,000	
Job-Years, Actual	42	

Source: Hunden Strategic Partners

In total, the Lexington Sports Complex is estimated to generate \$538 million in total spending over 20 years. New earnings are projected to total \$133 million over the period, supporting 688 full-time equivalent positions during that time. The local taxes collected over the period are projected to total approximately \$8.5 million in Lexington. The construction impact totals more than \$8.6 million in impact from materials spending locally and more than \$9 million in spending from earnings as well as 42 construction job-years.

PHASED BUILD OUT SCENARIO

Net New and Recaptured Room Nights and Room Revenue

The following table shows the number of room nights generated from each user group.

Table 9-12

Projected Room Nights Generated -Lexington Sports Complex: Phased Build Out Scenario													
	% Overnight	People/ Room	Nights per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Soccer													
Competitive Existing Tournament	75%	2.9	2.5	1,829	2,798	3,806	16,013	16,333	20,824	21,241	21,666	22,099	22,541
Competitive New Tournament	50%	2.9	2	225	232	239	1,968	2,027	2,088	2,150	2,215	2,281	2,350
Local New Tournament	30%	2.3	2	116	120	247	1,018	1,049	1,080	1,112	1,146	1,180	1,216
Youth Soccer Leagues (Spring & Fall)	0%	2.3	2	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Adult Soccer Leagues (Spring & Fall)	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
High School Regional/State Soccer Events*	10%	2.9	1	3	3	5	20	20	26	26	26	26	26
Total				2,174	3,153	4,296	19,018	19,428	24,018	24,529	25,052	25,586	26,132
Baseball													
Competitive Existing Tournament	75%	2.9	2	1,463	1,866	2,283	9,316	12,670	12,924	13,182	13,446	13,715	13,989
Competitive New Tournament	50%	2.9	2	318	327	506	2,084	2,861	2,947	3,795	3,908	4,026	4,146
Local New Tournament	30%	2.3	2	233	240	247	1,527	1,573	1,620	1,669	1,719	1,770	1,823
Youth Baseball Leagues (Spring & Fall)	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
High School Regional/State Baseball Events*	10%	2.9	1	3	3	5	20	27	27	27	27	27	27
Total				2,017	2,436	3,041	12,947	17,131	17,518	18,672	19,100	19,537	19,985
Softball													
Competitive Existing Tournament	75%	2.9	2	366	560	571	1,553	1,584	1,615	2,060	2,101	2,143	2,186
Competitive New Tournament	50%	2.9	2	132	136	140	405	417	860	885	912	939	968
Local New Tournament	30%	2.3	2	78	80	82	170	350	360	371	382	393	405
Youth Softball Leagues (Spring & Fall)	0%	2.3	2	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Adult Softball Leagues (Spring & Fall)	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
High School Regional/State Softball Events*	10%	2.9	1	3	3	3	19	19	25	25	25	25	25
Total				579	779	797	2,146	2,369	2,860	3,341	3,420	3,500	3,583
Lacrosse													
Competitive Existing Tournament	60%	2.9	2	302	308	314	1,282	1,307	1,333	1,360	1,387	1,415	1,443
Competitive New Tournament	45%	2.9	2	0	0	171	469	483	995	1,025	1,055	1,087	1,120
Local New Tournament	25%	2.3	2	37	37	38	155	158	161	165	168	171	175
Youth Lacrosse Leagues (Spring)	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
High School Regional/State Lacrosse Events*	10%	2.9	1	2	2	3	13	13	13	13	13	13	13
Total				340	347	526	1,919	1,961	2,503	2,562	2,624	2,686	2,751
Rugby													
Competitive Existing Tournament	55%	2.9	2	0	0	0	0	0	0	0	0	0	0
Competitive New Tournament	45%	2.9	2	0	0	0	176	181	187	192	198	204	210
Local New Tournament	25%	2.3	2	0	0	0	0	0	39	40	41	41	42
Youth Rugby Leagues (Spring & Fall)	0%	2.3	1	0	0	0	0	0	0	0	0	0	0
Camps/Programs	0%	2.1	4	0	0	0	0	0	0	0	0	0	0
Practices	0%	2.1	2	0	0	0	0	0	0	0	0	0	0
Adult Rugby League	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
High School Regional/State Rugby Events*	10%	2.9	1	1	1	1	3	3	3	3	3	3	3
Total				1	1	1	178	184	229	235	241	248	254
Other													
Fayette County Public Schools	0%	2.1	1	0	0	0	0	0	0	0	0	0	0
Lexington Events	5%	2.6	1.5	22	22	45	89	134	134	179	179	179	179
Other Non-Sport Events	15%	2.9	1	31	31	47	93	124	124	155	155	155	155
Total				53	53	91	183	258	258	334	334	334	334
				5,164	6,769	8,753	36,391	41,332	47,385	49,673	50,770	51,892	53,040

Source: Various Sports Organizations, Hunden Strategic Partners

As shown, projected room nights are expected to be modest during Phase I and then increase to more than 53,000 room nights generated by the tenth year. Most are assumed to be generated by the soccer and baseball tournaments. While not all will be captured in Lexington, many will and these will generate significant impact locally.

The next table shows the number of day trips generated by the Lexington Sports Complex.

Table 9-13

Projected Day Trips Generated - Lexington Sports Complex: Phased Build Out Scenario												
	% Day Trip	Days per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Soccer												
Competitive Existing Tournament	25%	2.5	1,768	2,705	3,679	15,479	15,788	20,130	20,533	20,943	21,362	21,790
Competitive New Tournament	50%	2	653	672	693	5,707	5,878	6,054	6,236	6,423	6,616	6,814
Local New Tournament	70%	2	625	644	1,326	5,463	5,627	5,796	5,970	6,149	6,333	6,523
Youth Soccer Leagues (Spring & Fall)	100%	2	17,107	17,107	17,107	68,429	68,429	68,429	68,429	68,429	68,429	68,429
Camps/Programs	100%	4	1,769	2,382	3,007	6,075	6,135	6,197	6,259	6,321	6,385	6,448
Practices	100%	2	6,098	6,098	6,098	18,295	18,295	18,295	18,295	18,295	18,295	18,295
Adult Soccer Leagues (Spring & Fall)	100%	2	5,148	5,148	5,148	10,296	10,296	10,296	10,296	10,296	10,296	10,296
High School Regional/State Soccer Events*	90%	1	85	85	127	509	509	679	679	679	679	679
Total			33,253	34,842	37,186	130,253	130,958	135,876	136,696	137,536	138,395	139,274
Baseball												
Competitive Existing Tournament	25%	2	1,414	1,803	2,207	9,006	12,248	12,493	12,743	12,998	13,258	13,523
Competitive New Tournament	50%	2	922	949	1,467	6,042	8,298	8,547	11,004	11,335	11,675	12,025
Local New Tournament	70%	2	1,250	1,287	1,326	8,195	8,441	8,694	8,955	9,223	9,500	9,785
Youth Baseball Leagues (Spring & Fall)	100%	2	12,902	12,902	12,902	48,384	48,384	48,384	48,384	48,384	48,384	48,384
Camps/Programs	100%	4	1,769	2,977	3,609	7,290	7,362	7,436	7,510	7,586	7,661	7,738
Practices	100%	2	3,573	3,573	3,573	13,398	13,398	13,398	13,398	13,398	13,398	13,398
High School Regional/State Baseball Events*	90%	1	87	87	130	522	696	696	696	696	696	696
Total			21,830	23,493	25,084	92,315	98,131	98,952	101,994	102,923	103,876	104,853
Softball												
Competitive Existing Tournament	25%	2	354	541	552	1,501	1,531	1,562	1,991	2,031	2,071	2,113
Competitive New Tournament	50%	2	384	396	407	1,175	1,210	2,493	2,568	2,645	2,724	2,806
Local New Tournament	70%	2	417	429	442	911	1,876	1,932	1,990	2,050	2,111	2,174
Youth Softball Leagues (Spring & Fall)	100%	2	17,107	17,107	17,107	57,024	57,024	57,024	57,024	57,024	57,024	57,024
Camps/Programs	100%	4	1,769	2,382	3,007	6,075	6,135	6,197	6,259	6,321	6,385	6,448
Practices	100%	2	4,066	4,066	4,066	15,246	15,246	15,246	15,246	15,246	15,246	15,246
Adult Softball Leagues (Spring & Fall)	100%	1	5,760	5,760	5,760	17,280	17,280	17,280	17,280	17,280	17,280	17,280
High School Regional/State Softball Events*	90%	1	81	81	81	484	484	646	646	646	646	646
Total			29,937	30,761	31,422	99,695	100,787	102,379	103,003	103,242	103,487	103,737
Lacrosse												
Competitive Existing Tournament	40%	2	584	595	607	2,478	2,527	2,578	2,629	2,682	2,735	2,790
Competitive New Tournament	55%	2	0	0	605	1,662	1,711	3,526	3,631	3,740	3,853	3,968
Local New Tournament	75%	2	252	257	262	1,070	1,091	1,113	1,135	1,158	1,181	1,205
Youth Lacrosse Leagues (Spring)	100%	1	1,901	1,901	1,901	3,802	3,802	3,802	3,802	3,802	3,802	3,802
Camps/Programs	100%	4	704	1,067	1,436	2,901	2,930	2,960	2,989	3,019	3,049	3,080
Practices	100%	1	871	871	871	2,614	2,614	2,614	2,614	2,614	2,614	2,614
High School Regional/State Lacrosse Events*	90%	1	43	43	87	348	348	348	348	348	348	348
Total			4,355	4,734	5,770	14,873	15,023	16,939	17,148	17,362	17,581	17,806
Rugby												
Competitive Existing Tournament	45%	2	0	0	0	0	0	0	0	0	0	0
Competitive New Tournament	55%	2	0	0	0	623	642	661	681	701	722	744
Local New Tournament	75%	2	0	0	0	0	0	271	276	280	284	288
Youth Rugby Leagues (Spring & Fall)	100%	1	0	0	0	0	0	0	0	0	0	0
Camps/Programs	100%	4	121	122	123	249	252	509	514	519	524	529
Practices	100%	2	871	871	871	1,742	1,742	1,742	1,742	1,742	1,742	1,742
Adult Rugby League	100%	1	215	215	215	429	429	429	429	429	429	429
High School Regional/State Rugby Events*	90%	1	18	18	18	70	70	70	70	70	70	70
Total			1,224	1,226	1,227	3,114	3,135	3,683	3,712	3,742	3,772	3,803
Other												
Fayette County Public Schools	100%	1	6,916	6,916	6,916	13,832	13,832	13,832	13,832	13,832	13,832	13,832
Lexington Events	95%	1.5	1,104	1,104	2,209	4,418	6,626	6,626	8,835	8,835	8,835	8,835
Other Non-Sport Events	85%	1	510	510	765	1,530	2,040	2,040	2,550	2,550	2,550	2,550
Total			8,530	8,530	9,890	19,780	22,498	22,498	25,217	25,217	25,217	25,217
			99,129	103,586	110,578	360,030	370,533	380,327	387,771	390,022	392,328	394,691

Source: Various Sports Organizations, Hunden Strategic Partners

Approximately 395,000 visitor days are expected by the tenth year and approximately 71 percent are expected to be residents from the Lexington-Fayette area, which are not included as new impact. However, there are expected to be between 110,000 and 116,000 non-local visitors day trips. Phase I visitor days are projected to increase from approximately 100,000 visitor days to more than 110,000. Non-local visitor day trips are expected to account for approximately 25 percent during the initial ramp up years of the sports complex and then stabilize at approximately 30 percent.

This section analyzes the economic, fiscal and employment benefits that would accrue to the Lexington-Fayette area by the activities at the Lexington Sports Complex. It also reviews the potential economic and fiscal impacts induced through the construction of the project.

HSP only counts net new spending to the community, not recycled spending by local users. The basis for counting spending is based on new overnight visitor days and new daytrip visitor days.

The assumptions for each type of spending create the total incremental spending associated with the Lexington Sports Complex. The following table shows the net new visitor days and overnights as well as the resulting new hotel room nights, which serve as the basis for the impact model.

Table 9-14

Net New Visitors and Room Nights - Phased Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
New Daytrip Visitor Days	22,986	24,726	27,520	98,000	103,010	115,438	115,438	115,438	1,993,375
New Overnight Visitor Days	10,974	14,385	18,599	77,330	87,830	112,710	112,710	112,710	1,873,330
New Hotel Room Nights (Local)	4,389	5,754	7,440	30,932	35,132	45,084	45,084	45,084	749,332

Source: Hunden Strategic Partners

Over the next twenty-year period, nearly two million new daytrip visitor days and nearly 1.9 million overnight visitor days are expected in area. This should result in more than 749,000 new hotel room nights in the Lexington-Fayette area over the period. Approximately 85 percent of room nights generated is expected to be captured in Lexington.

Daily Spending

There will also be daytrippers who come to events at the sports complex for league play, camps as well as one-day tournaments. The attendees will spend on concession as well as spend on restaurants in the area. Visitors will come to the sports complex and spend money onsite, but many locals and visitors will also spend new or increased funds at restaurants around the sports complex.

The daily spending by visitors and the overnight spending by overnight visitors all contribute to the economic impact of the Project. Data from spending at similar venues, data from hotel spending and other data was used to create conservative estimates of daily spending. Other spending includes entertainment and attractions, as well as other non-specified spending. These are shown in the next table.

Table 9-15

Estimated Spending Per Visitor Per Day - Lexington Sports Complex: Phased Build Out Scenario										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spending per Visitor - Overnight										
Onsite Food & Beverage	\$3.50	\$3.61	\$3.71	\$3.82	\$3.94	\$4.06	\$4.18	\$4.30	\$4.43	\$4.57
Offsite Food & Beverage	\$22.50	\$23.18	\$23.87	\$24.59	\$25.32	\$26.08	\$26.87	\$27.67	\$28.50	\$29.36
Total Food & Beverage	\$26.00	\$26.78	\$27.58	\$28.41	\$29.26	\$30.14	\$31.05	\$31.98	\$32.94	\$33.92
Lodging Spending	\$51.60	\$53.15	\$54.74	\$56.38	\$58.08	\$59.82	\$61.61	\$63.46	\$65.37	\$67.33
Retail Spending	\$4.75	\$4.89	\$5.04	\$5.19	\$5.35	\$5.51	\$5.67	\$5.84	\$6.02	\$6.20
Transportation Spending	\$8.14	\$8.38	\$8.64	\$8.89	\$9.16	\$9.44	\$9.72	\$10.01	\$10.31	\$10.62
Entertainment/Rec/Other	\$8.25	\$8.50	\$8.75	\$9.01	\$9.29	\$9.56	\$9.85	\$10.15	\$10.45	\$10.76
Total Direct Spending	\$98.74	\$101.70	\$104.75	\$107.90	\$111.13	\$114.47	\$117.90	\$121.44	\$125.08	\$128.83
Spending per Visitor - Daytrip										
Onsite Food & Beverage	\$1.75	\$1.80	\$1.86	\$1.91	\$1.97	\$2.03	\$2.09	\$2.15	\$2.22	\$2.28
Offsite Food & Beverage	\$13.50	\$13.91	\$14.32	\$14.75	\$15.19	\$15.65	\$16.12	\$16.60	\$17.10	\$17.61
Total Food & Beverage	\$15.25	\$15.71	\$16.18	\$16.66	\$17.16	\$17.68	\$18.21	\$18.76	\$19.32	\$19.90
Retail Spending	\$2.38	\$2.45	\$2.52	\$2.60	\$2.67	\$2.75	\$2.84	\$2.92	\$3.01	\$3.10
Transportation Spending	\$2.85	\$2.93	\$3.02	\$3.11	\$3.21	\$3.30	\$3.40	\$3.50	\$3.61	\$3.72
Other Spending	\$4.13	\$4.25	\$4.38	\$4.51	\$4.64	\$4.78	\$4.93	\$5.07	\$5.23	\$5.38
Total Direct Spending	\$24.60	\$25.34	\$26.10	\$26.88	\$27.69	\$28.52	\$29.37	\$30.25	\$31.16	\$32.10

Source: Hunden Strategic Partners

The per-person per-day spending for overnight guests total \$98.74 in Year 1 in the area, and increases with inflation. The daily spending per person for day trips is \$24.60 in the first year.

Economic, Earnings, Employment and Fiscal Impact

The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

- **Direct impacts** - are an expression of the spending that occurs as a direct result of the events and activities that occur due to the sports complex. For example, a hotel guest's expenditures on hotel rooms and meals are a direct economic impact.
- **Indirect impacts** - consist of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending due to the sports complex. For example, a guest's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.
- **Induced impacts** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the guest's visit. The amount of the increased income the waiter spends in the local economy is considered an induced impact.
- **Personal income** – measures increased employee and worker compensation related to the hotel operations being analyzed. This figure represents increased payroll expenditures, including

benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.

- **Employment impact** – measures the number of jobs supported in the study area related to the spending generated as a result of the events occurring in the sports complex. Employment impact is stated in job-years.

The total impacts of the proposed project in Lexington presented in this analysis are expressed through the net new spending to the Lexington-Fayette area. The direct spending is broken down into food and beverage, lodging, retail, transportation and other spending. Spending assumptions are assigned per day per person for either a day trip or an overnight.

Direct, Indirect and Induced Impacts

The table below shows the direct net new spending, based on the analysis.

Table 9-16

Direct Net New Spending (000s) - Phased Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Food & Beverage	\$636	\$774	\$958	\$3,830	\$4,338	\$6,121	\$7,095	\$8,226	\$110,596
Lodging	\$566	\$766	\$1,020	\$4,363	\$5,105	\$7,597	\$8,811	\$10,217	\$135,771
Retail	\$107	\$131	\$163	\$656	\$745	\$1,056	\$1,224	\$1,420	\$19,065
Transportation	\$155	\$193	\$244	\$993	\$1,135	\$1,626	\$1,885	\$2,185	\$29,287
Other	\$185	\$227	\$283	\$1,139	\$1,294	\$1,835	\$2,127	\$2,465	\$33,114
Total	\$1,649	\$2,090	\$2,669	\$10,981	\$12,617	\$18,235	\$21,143	\$24,513	\$327,834

Source: Hunden Strategic Partners

Most spending occurs at hotels and restaurants. Over the twenty-year period, more than \$135 million is expected to be spent on hotels by net new visitation and more than \$110 million from food and beverage spending. Transportation and retail spending will also be impacted locally, with more than \$29 million and more than \$19 million additional spent over the period, respectively. Other spending on visitation to other attractions and other spending is projected to total more than \$33 million over 20 years.

The following table shows the spinoff impact economic spending and activity in the market from the direct spending, as described in the definitions earlier in the chapter.

Table 9-17

Direct, Indirect & Induced Net New Spending (000s) - Phased Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Net New Spending									
Direct	\$1,649	\$2,090	\$2,669	\$10,981	\$12,617	\$18,235	\$21,143	\$24,513	\$327,834
Indirect	\$610	\$783	\$1,008	\$4,180	\$4,821	\$7,011	\$8,130	\$9,426	\$125,890
Induced	\$294	\$372	\$474	\$1,949	\$2,237	\$3,230	\$3,745	\$4,342	\$58,081
Total	\$2,553	\$3,245	\$4,151	\$17,110	\$19,675	\$28,476	\$33,017	\$38,281	\$511,804

Source: Hunden Strategic Partners

Direct spending, as shown previously, is projected to total approximately \$327.8 million over the period, while indirect and induced spending will add \$125.9 million and more than \$58 million, respectively. The total over the period is projected to be nearly \$512 million, ranging from \$2.5 million in Year 1 and increasing to \$4.1 million by the end of Phase I. The annual total impact is expected to increase once the Phase II is complete and is projected to reach \$38.3 million by the end of the period.

The following table shows the net new earnings derived from the new spending. Earnings are the portion of new spending that ends up as wages for employees in businesses in Lexington.

Table 9-18

Net New Earnings from Direct, Indirect & Induced Spending (000s) - Phased Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Net New Earnings									
From Direct	\$531	\$671	\$854	\$3,504	\$4,021	\$5,799	\$6,724	\$7,796	\$104,306
From Indirect	\$89	\$115	\$149	\$621	\$717	\$1,047	\$1,214	\$1,408	\$18,787
From Induced	\$20	\$25	\$32	\$131	\$150	\$216	\$251	\$290	\$3,887
<i>Total</i>	<i>\$640</i>	<i>\$811</i>	<i>\$1,034</i>	<i>\$4,255</i>	<i>\$4,888</i>	<i>\$7,062</i>	<i>\$8,189</i>	<i>\$9,494</i>	<i>\$126,979</i>

Source: Hunden Strategic Partners

New earnings in the area from the new spending will total \$640,000 in the first year, increasing to more than \$9.4 million by the end of the period. Throughout the period nearly \$127 million in new earnings will be new due to the sports complex.

The next table shows the net new full-time equivalent jobs supported by the new spending. These new positions will be supported throughout the economy, not just in visitor-related jobs, although these will be most likely.

Table 9-19

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings (000s) - Phased Build Out Scenario								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
Net New FTE Jobs								
From Direct	56	73	94	388	440	563	563	563
From Indirect	8	11	14	57	64	81	81	81
From Induced	1	6	8	32	36	46	46	46
<i>Total</i>	<i>66</i>	<i>90</i>	<i>116</i>	<i>477</i>	<i>540</i>	<i>689</i>	<i>690</i>	<i>690</i>

Source: Hunden Strategic Partners

In the stabilized year, an additional 690 full-time equivalent jobs will be created and supported in the local economy by the direct, indirect and induced spending in the economy that will be new due to the hundreds of thousands of new attendees.

Fiscal Impact Analysis

Fiscal impacts are tax revenues that result from the spending and income related to the activities at the Lexington Sport Complex. This analysis estimates fiscal impacts for the governmental units that levy taxes.

The fiscal impacts are the public sector's return on investment. The following table summarizes the fiscal impact estimates from the applicable taxes, which are the Lexington-Fayette taxes.

Table 9-20

Fiscal Impact - Tax Impacts from Net New Spending (000s) - Phased Build Out Scenario									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Total
Lexington Taxes Collected									
Hotel Occupancy Tax (6.0%)	\$34	\$46	\$61	\$262	\$306	\$456	\$529	\$613	\$8,146
Lexington Total	\$34	\$46	\$61	\$262	\$306	\$456	\$529	\$613	\$8,146

Source: Hunden Strategic Partners

As the table shows, the new spending in Lexington is projected to generate more than \$8.1 million in new tax revenue over the period. Hotel occupancy tax is the only locally levied tax expected to generate the tax revenue. The first year is expected to generate \$34,000 and then increase to approximately \$613,000 by the end of the period.

When a visitor books a hotel room, the commonwealth of Kentucky levies a six percent sales tax as well as a one percent state fee. The local hotel occupancy tax is a six percent, which is collected by the Lexington-Fayette government and allocated towards the Lexington Center Corporation (two percent) and VisitLex (four percent). The overall aggregate tax on a hotel room equates to 13.4 percent.

Construction Impact

In addition to the ongoing impacts from the operation of the facilities, the construction of the sports complex would create a one-time influx of spending. The construction spending also results in employment in many sectors of the local economy.

A ratio of 60 percent labor, 40 percent materials is used to determine the spending and employment and income impacts. Labor costs will generate direct labor impacts and materials will generate other new income in the area. Approximately 60 percent of construction materials and labor are expected to be purchased locally.

The following table shows the total direct spending and the estimated indirect and induced impacts that the construction of the development would generate to the local economy.

Table 9-21

Construction Impact - Lexington Sports Complex	
Phase I	Impact
Direct Materials Spending - Local	\$3,120,000
Indirect Spending - Local	\$856,483
Induced Spending - Local	\$526,100
Total	\$4,502,583
Direct Labor Spending	\$4,680,000
Employment (Job Years)	22
Phase II	Impact
Direct Materials Spending - Local	\$2,880,000
Indirect Spending - Local	\$790,600
Induced Spending - Local	\$485,700
Total	\$4,156,300
Direct Labor Spending	\$4,320,000
Employment (Job Years)	20
Source: Hunden Strategic Partners	

Based on an estimated \$13 million Phase I and \$12 million Phase II construction costs, the construction activity from the sports complex is expected to generate \$3.11 million in direct economic spending from materials spending and \$4.7 million in local labor spending during Phase I, while Phase II is expected to generate \$2.8 million in direct spending from materials and \$4.3 million in labor spending. The two phases will support 22 job-years from Phase I and 20 job-years from Phase II, or essentially 22 and 20 jobs for a one-year period. This is due to the construction of a major sports complex.

Summary of Impacts

The table below shows the summary of impacts from new spending and visits to the Lexington-Fayette area.

Table 9-22

Summary of Impacts Phased Build Out Scenario		
	20-Years	Stabilized Year
Net New Spending	(millions)	
Direct	\$328	\$16.5
Indirect	\$126	\$6.3
Induced	\$58	\$2.9
Total	\$512	\$26
Net New Earnings	(millions)	
From Direct	\$104	\$5.3
From Indirect	\$19	\$0.9
From Induced	\$4	\$0.2
Total	\$127	\$6.4
Net New FTE Jobs	Actual	
From Direct	563	539
From Indirect	81	78
From Induced	46	44
Total	690	660
Lexington Taxes Collected	(000s)	
Hotel Occupancy Tax (6.0%)	\$8,146	\$411
Lexington Total	\$8,146	\$411
Construction Impact (000s)	Phase I	Phase II
Total Spending	\$4,503	\$4,156
Direct Labor Spending	\$4,680	\$4,320
Job-Years, Actual	22	20
Source: Hunden Strategic Partners		

In total, the Lexington Sports Complex is estimated to generate \$512 million in total spending over 20 years. New earnings are projected to total \$127 million over the period, supporting 690 full-time equivalent positions during that time. The local taxes collected over the period are projected to total approximately \$8.1 million in Lexington. The construction impact totals approximately \$8.6 million in impact from materials spending locally and more than \$9 million in spending from earnings over both phases. The phased development is projected to account for 22 construction job-years in Phase I and 20 construction job-years in Phase II.